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SUBJECT: PRESIDENT ARROYO "BULLISH" ON ASIA AT BOAO FORUM

Classified By: A/DCM Scott Bellard, for reasons 1.4 (b) and (d)

¶1. (U) President Arroyo made a 12-hour trip to Hainan Island, China, on April 21, to attend the 2007 Boao Forum for Asia. She delivered an address on regional economic integration and development, proclaiming that she was "bullish on Asia and our ability to help drive positive change in the world." She added that, as China and India "become true economic giants, their obligations to their neighbors will increase," assuming greater roles for "maintaining broader peace and stability in the region and the world." Mrs. Arroyo canceled her original plans to visit other cities in China on a five day trip due to the ongoing hospitalization of her husband.

¶2. (C) According to Daniel Espiritu, Director of the China Division of the Department of Foreign Affairs, the trip to Hainan Island was "exhausting, but successful." He confirmed that President Arroyo witnessed the signing of five agreements, primarily between Chinese companies and Philippine government agencies. PRC Embassy DCM Deng Xijun separately underscored that the agreements did not involve the central government, but rather either provincial governments or local enterprises. He nonetheless highlighted the importance in particular of new deals on the supply of a broadband network (which has already faced criticism here as unnecessary and overly expensive) and a water project for Metro-Manila. He noted that the Philippine Secretaries of Agriculture and of Trade and Industry were on hand to ink the agreements. Deng also commented that a locally touted agricultural agreement involved only relatively small exports of Philippine mangos.

¶3. (C) President Arroyo also met briefly with Wu Bangguo, Chairman of the National People's Congress (whom Deng described as "the second most important person in China") and Pakistani Prime Minister Chaukat Aziz. According to press reports, Prime Minister Aziz expressed Pakistan's full support for the Philippines' bid for permanent observer status in the Organization of Islamic Conference, a long-time goal of the Philippines due to its Muslim minority in Mindanao and the OIC role in a 1996 peace accord with the once-insurgent Moro National Liberation Front.

¶4. (C) Comment: The Boao Forum remains an important event for the Philippines, especially given the leadership role within Boao of former Philippine President Fidel V. Ramos, a political ally of President Arroyo. Media coverage here featured the President with the head of Microsoft as part of Malacanang's drive to highlight the Philippines' growing IT sector. Philippine and Chinese officials here underscored the arduous nature of the trip -- a midnight departure from Manila, 2:30 am arrival in Hainan followed by an hour's bus trip to Boao, a brief nap, remarks to and interaction with other participants, and then a return to Manila -- as a clear

sign of the commitment of President Arroyo and the Philippines to the forum and to the increasingly robust bilateral relationship with China.

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